

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Springfield Township</b>	County <b>Kalkaska</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>6/29/05</b>	Date Accountant Report Submitted to State: <b>11/4/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter &amp; Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>		City <b>Cadillac</b>	State <b>MI</b>
		ZIP <b>49601</b>	
Accountant Signature 		Date	

**SPRINGFIELD TOWNSHIP, KALKASKA COUNTY**

**FIFE LAKE, MICHIGAN**

**MARCH 31, 2005**

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MARCH 31, 2005

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SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MARCH 31, 2005

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*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

June 29, 2005

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Kalkaska County, Fife Lake, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Kalkaska County, Fife Lake, Michigan as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as of April 1, 2004.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on pages 22-23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Springfield Township, Kalkaska County, Fife Lake, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

## SPRINGFIELD TOWNSHIP, KALKASKA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FOR FISCAL YEAR ENDED MARCH 31, 2005

Springfield Township, a general law township located in Kalkaska County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Springfield Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2005. In future years, comparative information will be provided.

#### **Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$370,502. Of this amount, \$163,931 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$285,501. About 57% is available for spending at the Township's discretion.
- ◆ The Township's total debt decreased by \$20,385 during the fiscal year.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2005 for Springfield Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

## SPRINGFIELD TOWNSHIP, KALKASKA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FOR FISCAL YEAR ENDED MARCH 31, 2005

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government and administration, public safety, public works, and other functions. The Township does not have any business-type activities.

#### **Fund Financial Statements**

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

#### **Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$370,502 at March 31, 2005, meaning the Township's assets were greater than its liabilities by this amount.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED MARCH 31, 2005

**Springfield Township**  
**Net Assets as of March 31, 2005**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets	\$ 402,768
Non Current Assets	
Capital Assets	146,642
Less: Accumulated Depreciation	(12,911)
Total Non Current Assets	133,731
<b>Total Assets</b>	<b>\$ 536,499</b>
<b>Liabilities</b>	
Current Liabilities	\$ 138,415
Long-Term Liabilities	27,582
<b>Total Liabilities</b>	<b>\$ 165,997</b>
<b>Net Assets</b>	
Invested in Capital Assets Net of Related Debt	85,001
Restricted for Specific Purposes	121,570
Unrestricted	163,931
<b>Total Net Assets</b>	<b>370,502</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 536,499</b>

The most significant portion of the Township's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Township used to acquire or construct the asset. The Township has \$163,931 unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets for the government as a whole.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED MARCH 31, 2005

**Springfield Township**  
**Change in Net Assets**  
**for the Fiscal Year Ended March 31, 2005**

	<b>Governmental Activities</b>
<b><u>Revenues</u></b>	
<b>General Revenues</b>	
Property Taxes	\$ 170,211
Licenses and Permits	6,846
State Shared Revenue	92,593
Unrestricted Investment Earnings	4,762
Other	5,944
	<hr/>
<b>Total Revenues</b>	\$ 280,356
<b><u>Expenses</u></b>	
Legislative	\$ 9,382
General Government	100,533
Public Safety	44,468
Public Works	128,343
Health and Welfare	32,403
Recreational and Cultural	8,090
Other Functions	9,578
Interest on Long-Term Debt	2,237
Unallocated Depreciation	3,019
	<hr/>
<b>Total Expenses</b>	338,053
Changes in Net Assets	(57,697)
NET ASSETS – Beginning of Year	428,199
	<hr/>
NET ASSETS – End of Year	\$ 370,502
	<hr/>

**Governmental Activities**

During the fiscal year ended March 31, 2005, the Township's net assets decreased by \$57,697 or 13% in the governmental funds. GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED MARCH 31, 2005

The most significant portion of the revenue for all governmental activities of Springfield Township comes from property taxes. The Township levied 0.8312 mills for operating purposes. In addition, the Township levied .9587 mills for fire protection, .9887 mills for ambulance service and 1.9164 mills for street improvements.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In fiscal year 2005, the amount of state shared revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Township's governmental activities expenses are dominated by public works expenses that total 38% of total expenses. The Township spent \$128,343 in fiscal year 2005 on public works expenses. General Government represented the next largest expense at \$100,533, or 30% of total expenses.

**Financial Analysis of the Government's Funds**

***Governmental Funds*** The focus of Springfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Springfield Township's governmental funds reported combined ending fund balances of \$285,501. Approximately 57%, or \$163,931 constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

**General Fund** – The General Fund decreased its fund balance by \$18,561 which brings the fund balance to \$163,931. The General Fund's fund balance is unreserved. All of the General Fund's functions ended the year with expenditures below budgeted amounts. Tax related revenues amounted to \$44,770. State shared revenues were collected in the amount of \$92,593.

**Municipal Street Fund** – The Municipal Street Fund decreased its fund balance by \$57,764 which brings the fund balance to \$56,216. This balance is reserved and must be used for street improvements. Property taxes collected amounted to \$62,236.

**Fire Fund** – The Fire Fund increased its fund balance by \$1,702 which brings the fund balance to \$61,079. This balance is reserved and must be used for fire protection. Property taxes collected amounted to \$31,107. Expenditures for contracted fire protection services amounted to \$28,145.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

**Park and Recreation Fund** – The Park and Recreation Fund decreased its fund balance by \$440 which brings the fund balance to \$4,275. This balance is reserved and must be used for parks and recreation.

**Ambulance Fund** – The Ambulance Fund's fund balance remained the same at \$0. Property taxes collected amounted to \$32,098. Expenditures for contracted ambulance protection services amounted to \$32,098.

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental as of March 31, 2005 amounted to \$133,731 net of accumulated depreciation. There was no change in the Township's investment in capital assets for the current fiscal year.

Capital assets summarized below include any items purchased with a cost greater than \$2,500 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Springfield Township  
Capital Assets as of March 31, 2005**

		<b>Governmental Activities</b>
Land	\$	14,886
Buildings		131,756
		<hr/> 146,642
Less Accumulated Depreciation		(12,911)
		<hr/>
<b>Net Capital Assets</b>	\$	<b>133,731</b>

There were no major capital asset events during the current fiscal year other than depreciation expense of \$3,019.

**Long-Term Debt.** As of March 31, 2005, the Township had total debt outstanding of \$48,730. Of this amount, \$48,730 comprises debt backed by the full faith and credit of the Township.

**Springfield Township Outstanding Debt  
General Obligation Debt  
as of March 31, 2005**

Building Contract	\$	48,730
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State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the Township's assessed valuation of \$51,646,670 is \$5,164,667, which is significantly in excess of the Township's outstanding general obligation debt of \$48,730.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to remain the same in the 2005-06 fiscal year. The Township's millage rate will be reduced again by the Headlee Amendment rollback from the 0.8312 mills for general operating purposes levied in 2004-2005.

These factors were considered in preparing the Township's budgets for the 2005-06 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Springfield Township at 5253 Ingersoll Road SW, Fife Lake, MI 49633.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF NET ASSETS  
MARCH 31, 2005

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 279,596
Receivables	
Taxes	25,480
Intergovernmental	13,621
External Party (Fiduciary Fund)	84,071
TOTAL CURRENT ASSETS	<u>\$ 402,768</u>
<u>CAPITAL ASSETS</u>	
Land	\$ 14,886
Buildings	131,756
	<u>\$ 146,642</u>
Less Accumulated Depreciation	12,911
Net Capital Assets	<u>\$ 133,731</u>
 TOTAL ASSETS	 <u>\$ 536,499</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 111,934
Due to Other Governments	5,333
Current Portion of Long-Term Note Payable	21,148
TOTAL CURRENT LIABILITIES	<u>\$ 138,415</u>
 <u>LONG-TERM LIABILITIES</u>	
Note Payable	\$ 48,730
Less: Current Portion	(21,148)
TOTAL LONG-TERM LIABILITIES	<u>\$ 27,582</u>
 TOTAL LIABILITIES	 <u>\$ 165,997</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	\$ 85,001
Restricted for Street Improvement	56,216
Restricted for Fire Protection	61,079
Restricted for Parks and Recreation	4,275
Unrestricted	163,931
TOTAL NET ASSETS	<u>\$ 370,502</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
<u>PRIMARY GOVERNMENT</u>					
<u>GOVERNMENTAL ACTIVITIES</u>					
Legislative	\$ 9,382	\$ 0	\$ 0	\$ 0	\$ (9,382)
General Government	100,533	0	0	0	(100,533)
Public Safety	44,468	0	0	0	(44,468)
Public Works	128,343	0	0	0	(128,343)
Health and Welfare	32,403	0	0	0	(32,403)
Recreation and Cultural	8,090	0	0	0	(8,090)
Other Functions	9,578	0	0	0	(9,578)
Interest on Long-Term Debt	2,237	0	0	0	(2,237)
Unallocated Depreciation	3,019	0	0	0	(3,019)
Total Governmental Activities	\$ 338,053	\$ 0	\$ 0	\$ 0	\$ (338,053)
<u>GENERAL REVENUES</u>					
Taxes					\$ 170,211
Licenses and Permits					6,846
State Shared Revenue					92,593
Unrestricted Investment Earnings					4,762
Other					5,944
Total General Revenues and Transfers					280,356
Change in Net Assets					(57,697)
<u>NET ASSETS</u> - Beginning of Year					428,199
<u>NET ASSETS</u> - End of Year					\$ 370,502

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
MARCH 31, 2005

	GENERAL FUND	MUNICIPAL STREET FUND	FIRE FUND
<u>ASSETS</u>			
Cash	\$ 118,189	\$ 101,414	\$ 55,718
Taxes Receivable	4,508	10,278	5,361
Intergovernmental Receivable	13,621	0	0
Due from Other Funds	32,113	51,958	0
Total Assets	<u>\$ 168,431</u>	<u>\$ 163,650</u>	<u>\$ 61,079</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 4,500	\$ 107,434	\$ 0
Due to Other Governments	0	0	0
Total Liabilities	<u>\$ 4,500</u>	<u>\$ 107,434</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>			
Reserved for:			
Street Improvements	\$ 0	\$ 56,216	\$ 0
Fire Protection	0	0	61,079
Parks and Recreation	0	0	0
Unreserved			
Undesignated	163,931	0	0
Total Fund Balance	<u>\$ 163,931</u>	<u>\$ 56,216</u>	<u>\$ 61,079</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 168,431</u>	<u>\$ 163,650</u>	<u>\$ 61,079</u>

The accompanying notes are an integral part of the financial statements.



PARK AND RECREATION FUND	AMBULANCE FUND	TOTALS
\$ 4,275	\$ 0	\$ 279,596
0	5,333	25,480
0	0	13,621
0	0	84,071
<u>\$ 4,275</u>	<u>\$ 5,333</u>	<u>\$ 402,768</u>

\$ 0	\$ 0	\$ 111,934
0	5,333	5,333
<u>\$ 0</u>	<u>\$ 5,333</u>	<u>\$ 117,267</u>

\$ 0	\$ 0	\$ 56,216
0	0	61,079
4,275	0	4,275
0	0	163,931
<u>\$ 4,275</u>	<u>\$ 0</u>	<u>\$ 285,501</u>

<u>\$ 4,275</u>	<u>\$ 5,333</u>	<u>\$ 402,768</u>
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The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2005

Total Fund Balances for Governmental Funds	\$	285,501
--	----	---------

Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	\$	14,886	
Buildings		131,756	
Accumulated Depreciation		<u>(12,911)</u>	133,731

Long-term liabilities are not due and payable in the current period  
and therefore are not reported in the funds.

Note Payable		<u>(48,730)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>370,502</u></u>
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The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2005

	GENERAL FUND	MUNICIPAL STREET FUND	FIRE FUND
<u>REVENUES</u>			
Taxes	\$ 44,770	\$ 62,236	\$ 31,107
Licenses and Permits	6,846	0	0
State Grants	92,593	0	0
Interest and Rents	4,762	0	0
Other Revenues	5,204	0	0
Total Revenues	\$ 154,175	\$ 62,236	\$ 31,107
<u>EXPENDITURES</u>			
Legislative	\$ 9,382	\$ 0	\$ 0
General Government	100,533	0	0
Public Safety	15,063	0	29,405
Public Works	8,343	120,000	0
Health and Welfare	305	0	0
Recreation and Cultural	6,910	0	0
Other Functions	9,578	0	0
Debt Service			
Principal	20,385	0	0
Interest	2,237	0	0
Total Expenditures	\$ 172,736	\$ 120,000	\$ 29,405
Net Change in Fund Balance	\$ (18,561)	\$ (57,764)	\$ 1,702
<u>FUND BALANCE</u> - Beginning of Year	182,492	113,980	59,377
<u>FUND BALANCE</u> - End of Year	\$ 163,931	\$ 56,216	\$ 61,079

The accompanying notes are an integral part of the financial statements.

PARK AND RECREATION FUND		AMBULANCE FUND	TOTALS
\$	0	\$ 32,098	\$ 170,211
	0	0	6,846
	0	0	92,593
	0	0	4,762
	740	0	5,944
\$	740	\$ 32,098	\$ 280,356
\$	0	\$ 0	\$ 9,382
	0	0	100,533
	0	0	44,468
	0	0	128,343
	0	32,098	32,403
	1,180	0	8,090
	0	0	9,578
	0	0	20,385
	0	0	2,237
\$	1,180	\$ 32,098	\$ 355,419
\$	(440)	\$ 0	\$ (75,063)
	4,715	0	360,564
\$	4,275	\$ 0	\$ 285,501

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2005

Net Change in Fund Balance - Total Governmental Funds	\$ (75,063)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(3,019)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	<u>20,385</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (57,697)</u></u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
MARCH 31, 2005

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	<u>\$          84,071</u>
<u>LIABILITIES</u>	
Due to Other Funds	<u>\$          84,071</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Springfield Township is a general law township located in Kalkaska County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

During fiscal year 2005, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

Springfield Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Street Fund* accounts for revenue sources that are legally restricted to expenditure for street improvements.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

The *Park and Recreation Fund* accounts for revenue sources that are legally restricted to expenditure for parks and recreation.

The *Ambulance Fund* accounts for revenue sources that are legally restricted to expenditure for ambulance protection.

Additionally Springfield Township reports the following fund types:

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

## **D. Assets, Liabilities and Equity**

### ***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from date of acquisition. The Township investment policy authorizes the Township treasurer to invest Township funds in deposit accounts, savings accounts and certificates of deposit.

### ***2. Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes are levied and due July 1, and become delinquent after September 14. County school taxes and all other taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as required.

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40-60
Building Improvements	15-30
Vehicles	3-5
Office Equipment	3-5
Computer Equipment	3-5

**5. *Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Township currently has no long-term obligations.

**6. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. *Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. *Budgetary Information***

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on April 6, 2004 or as amended by the Township Board from time to time.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**B. Funds with expenditures in excess of appropriations were as follows:**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>
Municipal Street Fund			
Public Works	\$ 113,979	\$	120,000
Ambulance Fund			
Health and Welfare	29,000		32,098

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The Township's deposits are owned by several of the Township's funds. Bank deposits are in Citizens Bank, Flint, MI and Forest Area Federal Credit Union, Fife Lake, Michigan. At year-end, the carrying amount of the Township's deposits was \$363,667 and the bank balance was \$378,774. Of the bank balance, \$225,172 was covered by Federal depository insurance and \$153,602 was uninsured and uncollateralized.

The Township's investments are categorized in the following schedule to give an indication of the level of risk assumed by the entity at year end.

Category 1 - Investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty's trust department (if a bank), or agent in the Township's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the broker, dealer, or agent but not in the Township's name.

The Township does not have any investments subject to classification.

A reconciliation of cash and investments follows:

	<u>PRIMARY GOVERNMENT</u>
Carrying amount of Deposits	\$ <u>363,667</u>
Government-wide Statement of Net Assets	
Cash	\$ 279,596
Statement of Fiduciary Net Assets	
Cash	<u>84,071</u>
Total	\$ <u>363,667</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

**B. Receivables**

Receivables as of year end for the government's individual major funds are as follows:

	General	Municipal Street	Fire	Ambulance	Total
Receivables					
Taxes	\$ 4,508	\$ 10,278	\$ 5,361	\$ 5,333	\$ 25,480
Intergovernmental	\$ 13,621	\$ 0	\$ 0	\$ 0	\$ 13,621

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the Township did not have any deferred revenue.

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 14,886	\$ 0	\$ 0	\$ 14,886
Capital assets, being depreciated				
Buildings	131,756	0	0	131,756
Less accumulated depreciation for:				
Buildings	9,892	3,019	0	12,911
Total capital assets, being depreciated, net	121,864	(3,019)	0	118,845
Governmental activities capital assets, net	\$ 136,750	\$ (3,019)	\$ 0	\$ 133,731

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

    Unallocated Depreciation \$ 3,019

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2005.

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at March 31, 2005, were:

<u>Fund</u>	<u>INTERFUND RECEIVABLES DUE FROM'S</u>	<u>INTERFUND PAYABLES DUE TO'S</u>
Due From/To Other Funds:		
General Fund		
Current Tax Collection Fund	\$ 32,113	\$ 0
Municipal Street Fund		
Current Tax Collection Fund	51,958	0
Current Tax Collection Fund		
General Fund	0	32,113
Municipal Street Fund	0	51,958
Total	<u>\$ 84,071</u>	<u>\$ 84,071</u>

There are not interfund transfers as of March 31, 2005.

**E. Long-Term Debt**

The following is a summary of the long-term debt transactions of the Township of Springfield for the year ended March 31, 2005:

	<u>LOANS</u>
Long -Term Debt Payable	
At April 1, 2004	\$ 69,115
New Debt Incurred	0
Payments on Debt	<u>(20,385)</u>
LONG-TERM DEBT PAYABLE	
AT MARCH 31, 2005	<u>\$ 48,730</u>

Debt payable at March 31, 2005 is comprised of the following individual issues:

Governmental Activities

General Obligation

Building Contract

\$78,551 payable to Forest Area Federal Credit Union, due in monthly installments of \$1,885 through June 20, 2007, interest at 3.75%.

\$ 48,730

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

The annual requirements to amortize debt outstanding as of March 31, 2005, are as follows:

<u>2006</u>	
Principal	\$ 21,148
Interest	1,473
Total	<u>\$ 22,621</u>
<u>2007</u>	
Principal	\$ 21,955
Interest	666
Total	<u>\$ 22,621</u>
<u>2008</u>	
Principal	\$ 5,627
Interest	37
Total	<u>\$ 5,664</u>
<u>Grand Total</u>	
Principal	\$ 48,730
Interest	2,176
Total	<u><u>\$ 50,906</u></u>

**F. Fund Balance Reserves**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. These reserves are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved	
Special Revenue Funds	
Municipal Street Fund	
Street Improvements	\$ 56,216
Fire Fund	
Fire Protection	61,079
Park and Recreation Fund	
Parks and Recreation	<u>4,275</u>
TOTAL FUND BALANCE RESERVES	<u><u>\$ 121,570</u></u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Property Taxes**

The Township levied 4.6945 mills in tax on state taxable value of \$32,468,944 on the 2004 tax roll. The 4.6945 mill levy was for the following purposes:

General Operations	0.8312
Street Improvement	1.9164
Fire Protection	0.9582
Ambulance Protection	0.9887
	<hr/>
	4.6945
	<hr/>

The date of the levy was December 1, 2004, at which time the taxes became an enforceable lien against the property. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the taxes are payable to the Kalkaska County Treasurer.

The Township has adopted the policy of retaining current tax collections for the General Fund and Municipal Street Fund in the Current tax Collection Fund until after April 1 of each year.

**C. Current Tax Collection Fund Balance**

The balance of \$84,071 in the Current Tax Collection Fund at March 31, 2005, is payable as follows:

<u>Springfield Township</u>	
Current Property Tax	
General Fund	\$ 22,476
Municipal Street Fund	51,958
Property tax Administration Fees	8,332
Interest Earnings	1,305
	<hr/>
	\$ 84,071
	<hr/>



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

**D. Property Tax Administration Fee**

The Township passed a resolution to charge a 1% administration fee on all ad valorem taxes levied. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collections will be repeatedly in excess of the revenues generated by the administration fee so that a restricted earnings account is not reflected in these statements.

**E. Aid to Other Governments**

The Township makes payments to other governmental units for various public safety and health and welfare services. Some of these payments are financed by extra voted millages and some are financed by Township general operations. For the 2004-2005 fiscal year, these payments were as follows:

Public Safety		
Fire Protection		
Grand Traverse County Fire Department	\$	22,745
Fife Lake Fire Department		5,400
Police Protection		
Kalkaska County Sheriff Department		11,205
Health and Welfare		
Hospital		
Kalkaska Memorial Health Center		305
Ambulance		
Fife Lake Area Emergency Rescue Authority		32,098
	\$	<u>71,753</u>

**F. Interest Income and Expense**

For the year ended March 31, 2005, interest income and expense was as follows:

	Interest	
	Income	Expense
General Fund	\$ 4,762	\$ 2,237

Note – Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2005

	GENERAL FUND				MUNICIPAL STREET FUND				FIRE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 31,500	\$ 31,500	\$ 44,770	\$ 13,270	\$ 58,500	\$ 55,918	\$ 62,236	\$ 6,318	\$ 27,000	\$ 27,000	\$ 31,107	\$ 4,107
Licenses and Permits	500	1,797	6,846	5,049	0	0	0	0	0	0	0	0
State Grants	80,000	80,000	92,593	12,593	0	0	0	0	0	0	0	0
Interest and Rents	1,000	2,120	4,762	2,642	0	0	0	0	0	0	0	0
Other Revenues	3,000	1,880	5,204	3,324	0	0	0	0	0	0	0	0
Total Revenues	\$ 116,000	\$ 117,297	\$ 154,175	\$ 36,878	\$ 58,500	\$ 55,918	\$ 62,236	\$ 6,318	\$ 27,000	\$ 27,000	\$ 31,107	\$ 4,107
<u>EXPENDITURES</u>												
Legislative	\$ 21,500	\$ 19,500	\$ 9,382	\$ 10,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	106,700	107,800	100,533	7,267	0	0	0	0	0	0	0	0
Public Safety	12,700	21,295	15,063	6,232	0	0	0	0	42,000	42,000	29,405	12,595
Public Works	13,000	8,500	8,343	157	116,561	113,979	120,000	(6,021)	0	0	0	0
Health and Welfare	305	305	305	0	0	0	0	0	0	0	0	0
Recreation and Cultural	13,000	13,000	6,910	6,090	0	0	0	0	0	0	0	0
Other Functions	12,000	12,000	9,578	2,422	0	0	0	0	0	0	0	0
Contingency	3,195	0	0	0	0	0	0	0	0	0	0	0
Debt Service												
Principal	23,000	23,000	20,385	2,615	0	0	0	0	0	0	0	0
Interest	0	0	2,237	(2,237)	0	0	0	0	0	0	0	0
Total Expenditures	\$ 205,400	\$ 205,400	\$ 172,736	\$ 32,664	\$ 116,561	\$ 113,979	\$ 120,000	\$ (6,021)	\$ 42,000	\$ 42,000	\$ 29,405	\$ 12,595
Net Change in Fund Balance	\$ (89,400)	\$ (88,103)	\$ (18,561)	\$ 69,542	\$ (58,061)	\$ (58,061)	\$ (57,764)	\$ 297	\$ (15,000)	\$ (15,000)	\$ 1,702	\$ 16,702
<u>FUND BALANCE</u> - Beginning of Year	89,400	88,103	182,492	94,389	58,061	58,061	113,980	55,919	53,615	53,615	59,377	5,762
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 163,931	\$ 163,931	\$ 0	\$ 0	\$ 56,216	\$ 56,216	\$ 38,615	\$ 38,615	\$ 61,079	\$ 22,464

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2005

	PARK AND RECREATION FUND				AMBULANCE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>								
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,000	\$ 29,000	\$ 32,098	\$ 3,098
Licenses and Permits	0	0	0	0	0	0	0	0
State Grants	0	0	0	0	0	0	0	0
Interest and Rents	0	0	0	0	0	0	0	0
Other Revenues	0	0	740	740	0	0	0	0
Total Revenues	\$ 0	\$ 0	\$ 740	\$ 740	\$ 29,000	\$ 29,000	\$ 32,098	\$ 3,098
<u>EXPENDITURES</u>								
Legislative	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0
Public Works	0	0	0	0	0	0	0	0
Health and Welfare	0	0	0	0	29,000	29,000	32,098	(3,098)
Recreation and Cultural	4,715	4,715	1,180	3,535	0	0	0	0
Other Functions	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0
Debt Service								
Principal	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0
Total Expenditures	\$ 4,715	\$ 4,715	\$ 1,180	\$ 3,535	\$ 29,000	\$ 29,000	\$ 32,098	\$ (3,098)
Net Change in Fund Balance	\$ (4,715)	\$ (4,715)	\$ (440)	\$ 4,275	\$ 0	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	4,715	4,715	4,715	0	0	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 4,275	\$ 4,275	\$ 0	\$ 0	\$ 0	\$ 0

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GENERAL FUND

BALANCE SHEET  
MARCH 31, 2005

ASSETS

Cash	
Commercial Account	\$ 10,966
Money Market Account	66,145
Certificates of Deposit	41,078
Taxes Receivable	4,508
Intergovernmental Receivable	13,621
Due from Other Funds	32,113
	<hr/>
TOTAL ASSETS	<u>\$ 168,431</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 4,500
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FUND BALANCE

Unreserved	<hr/> 163,931
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 168,431</u>
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SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Taxes	\$ 31,500	\$ 44,770
Licenses and Permits	1,797	6,846
State Grants	80,000	92,593
Interest and Rents	2,120	4,762
Other Revenues	1,880	5,204
Total Revenues	\$ 117,297	\$ 154,175
<u>EXPENDITURES</u>		
Legislative		
Township Board	\$ 19,500	\$ 9,382
General Government		
Supervisor	6,500	6,000
Election	7,500	5,894
Assessor	32,000	32,196
Budget Administrator	3,200	3,200
Clerk	20,000	18,225
Board of Review	3,100	2,541
Treasurer	20,000	17,627
Building and Grounds	10,500	10,297
Cemetery	5,000	4,553
Public Safety	21,295	15,063
Public Works	8,500	8,343
Health and Welfare	305	305
Recreation and Cultural	13,000	6,910
Other Functions	12,000	9,578
Debt Service	23,000	22,622
Total Expenditures	\$ 205,400	\$ 172,736
Excess of Revenues Over (Under) Expenditures	\$ (88,103)	\$ (18,561)
<u>FUND BALANCE</u> - Beginning of Year	88,103	182,492
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 163,931

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES  
YEAR ENDED MARCH 31, 2005

TAXES

Current Property Tax - 2004 Tax Roll	\$ 26,984	
Property Tax Administration Fee	17,006	
Commercial Forest	10	
Swamp Tax	<u>770</u>	
Total Taxes		\$ 44,770

LICENSES AND PERMITS

Non-Business Licenses and Permits		6,846
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax	\$ 89,311	
Summer Tax Collection	<u>3,282</u>	
Total State Grants		92,593

INTEREST AND RENTS

Interest Earnings		4,762
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OTHER REVENUES

Refunds and Reimbursements	\$ 1,885	
Miscellaneous	<u>3,319</u>	
Total Other Revenues		<u>5,204</u>

TOTAL REVENUES		<u><u>\$ 154,175</u></u>
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SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED MARCH 31, 2005

LEGISLATIVE

Township Board		
Personal Services		
Salaries and Wages	\$	6,206
Other Services and Charges		
Professional Services		2,370
Printing and Publishing		42
Education and Training		100
Dues and Fees		664
		<hr/>
Total Legislative	\$	9,382

GENERAL GOVERNMENT

Supervisor		
Personal Services		
Salaries and Wages	\$	6,000
Elections		
Personal Services		
Salaries and Wages	\$	5,309
Supplies		
Office Supplies		151
Other Services and Charges		
Contracted Services		292
Printing and Publishing		142
		<hr/>
Assessor		
Supplies		
Office Supplies	\$	643
Postage		592
Other Services and Charges		
Contracted Services		30,520
Printing and Publishing		441
		<hr/>
Budget Department		
Personal Services		
Salaries and Wages		3,200
Clerk		
Personal Services		
Salaries and Wages	\$	12,522
Health Insurance		4,756

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED MARCH 31, 2005

Supplies			
Office Supplies	408		
Other Services and Charges			
Education and Training	150		
Contracted Services	389		18,225
Board of Review			
Personal Services			
Salaries and Wages	\$ 2,249		
Other Services and Charges			
Education and Training	165		
Transportation	10		
Printing and Publishing	28		
Miscellaneous	89		2,541
Treasurer			
Personal Services			
Salaries and Wages	\$ 9,800		
Deputy	4,882		
Supplies			
Office Supplies	4		
Postage	1,517		
Other Services and Charges			
Printing and Publishing	1,424		17,627
Building and Grounds			
Personal Services			
Salaries and Wages	\$ 1,200		
Supplies			
Operating Supplies	4,971		
Other Services and Charges			
Contracted Services	436		
Communication	1,299		
Public Utilities	2,191		
Snow Removal	200		10,297
Cemetery			
Personal Services			
Salaries and Wages	\$ 3,482		
State Unemployment	721		



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED MARCH 31, 2005

Supplies			
Operating Supplies	<u>350</u>	<u>4,553</u>	
Total General Government			100,533
<u>PUBLIC SAFETY</u>			
Police Protection			
Other Services and Charges			
Aid to Other Governments		\$ 11,205	
Fire Protection			
Personal Services			
Per Diem		<u>3,858</u>	
Total Public Safety			15,063
<u>PUBLIC WORKS</u>			
Highways, Streets and Bridges			
Personal Services			
Salaries		\$ 350	
Refuse Collection and Disposal			
Contracted Services		<u>7,993</u>	
Total Public Works			8,343
<u>HEALTH AND WELFARE</u>			
Hospital			
Other Services and Charges			
Aid to Other Governments			305
<u>RECREATION AND CULTURAL</u>			
Parks and Recreation			
Supplies			
Office Supplies	\$ 2,531		
Other Services and Charges			
Public Utilities	973		
Contracted Services	<u>450</u>	3,954	
Library			
Other Services and Charges			
Aid to Other Governments		1,537	

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
YEAR ENDED MARCH 31, 2005

Other Recreation and Cultural			
Other Services and Charges			
Aid to Other Governments			
Historical Society	\$	680	
4th of July		150	
Miscellaneous		589	
		<hr/>	<hr/>
			1,419
Total Recreation and Cultural			6,910
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds	\$	5,455	
Employee Benefits			
Medicare and Social Security		4,123	
		<hr/>	
Total Other Functions			9,578
<u>DEBT SERVICE</u>			
Principal Repayment	\$	20,385	
Interest Charges		2,237	
		<hr/>	
Total Debt Service			<hr/>
			22,622
TOTAL EXPENDITURES			<hr/>
			<hr/>
			\$ 172,736

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MUNICIPAL STREET FUND

BALANCE SHEET  
MARCH 31, 2005

ASSETS

Cash	
Commercial Account	\$ 101,414
Taxes Receivable	10,278
Due from Other Funds	<u>51,958</u>
 TOTAL ASSETS	 <u><u>\$ 163,650</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 107,434
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FUND BALANCE

Reserved for Street Improvements	<u>56,216</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 163,650</u></u>
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SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MUNICIPAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Taxes		
Current Property Tax	\$ 55,918	\$ 62,236
<u>EXPENDITURES</u>		
Public Works		
Highways, Streets and Bridges		
Other Services and Charges		
Repairs and Maintenance	<u>113,979</u>	<u>120,000</u>
Excess of Revenues Over (Under) Expenditures	\$ (58,061)	\$ (57,764)
<u>FUND BALANCE</u> - Beginning of Year	<u>58,061</u>	<u>113,980</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 56,216</u></u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

FIRE FUND

BALANCE SHEET  
MARCH 31, 2005

ASSETS

Cash	
Commercial Account	\$ 55,718
Taxes Receivable	<u>5,361</u>
TOTAL ASSETS	<u><u>\$ 61,079</u></u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
<u>FUND BALANCE</u>	
Reserved for Fire Protection	<u>61,079</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 61,079</u></u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Taxes		
Current Property Taxes	<u>\$    27,000</u>	<u>\$    31,107</u>
<u>EXPENDITURES</u>		
Public Safety		
Aid to Other Government		
Grand Traverse County Fire Department		
Rural Division	\$    27,000	\$    22,745
Fife Lake Fire Department	10,000	5,400
Supplies		
Operating Supplies	<u>5,000</u>	<u>1,260</u>
Total Expenditures	<u>\$    42,000</u>	<u>\$    29,405</u>
Excess of Revenues Over (Under) Expenditures	\$  (15,000)	\$        1,702
<u>FUND BALANCE</u> - Beginning of Year	<u>53,615</u>	<u>59,377</u>
<u>FUND BALANCE</u> - End of Year	<u>\$    38,615</u>	<u>\$    61,079</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

PARKS AND RECREATION FUND  
BALANCE SHEET

MARCH 31, 2005

ASSETS

Cash

Commercial Accounts

\$ 4,275

LIABILITIES AND FUND BALANCE

Liabilities

\$ 0

Fund Balance

Reserved for Parks and Recreation

4,275

TOTAL LIABILITIES AND FUND BALANCE

\$ 4,275

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Other Revenues		
Donations from Private Sources	\$          0	\$          740
<u>EXPENDITURES</u>		
Recreation and Cultural		
Parks and Recreation		
Supplies		
Operating Supplies	<u>          4,715</u>	<u>          1,180</u>
Excess of Revenues Over (Under) Expenditures	\$     (4,715)	\$         (440)
<u>FUND BALANCE</u> - Beginning of Year	<u>          4,715</u>	<u>          4,715</u>
<u>FUND BALANCE</u> - End of Year	<u><u>          0</u></u>	<u><u>         4,275</u></u>



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

AMBULANCE FUND

BALANCE SHEET  
MARCH 31, 2005

	<u>ASSETS</u>	
Taxes Receivable		<u>\$ 5,333</u>
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>		
Due to Other Governments		\$ 5,333
<u>FUND BALANCE</u>		
Reserved for Ambulance Protection		<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 5,333</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

AMBULANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Taxes		
Current Property Taxes	\$ 29,000	\$ 32,098
<u>EXPENDITURES</u>		
Health and Welfare		
Ambulance		
Other Services and Charges		
Aid to Other Government		
Fife Lake Area Emergency		
Rescue Authority	<u>29,000</u>	<u>32,098</u>
Excess of Revenues Over (Under) Expenditures	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
MARCH 31, 2005

ASSETS

	Balance			Balance
	April 1, 2004	Additions	Reductions	March 31, 2005
Cash on Deposit				
Commercial and Money Market Account	\$ 73,467	\$ 841,230	\$ 830,626	\$ 84,071

LIABILITIES

Due to Other Funds	\$ 73,467	\$ 139,146	\$ 128,542	\$ 84,071
Due to Other Governments	0	702,084	702,084	0
 TOTAL LIABILITIES	 \$ 73,467	 \$ 841,230	 \$ 830,626	 \$ 84,071

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2004 WINTER TAX ROLL  
MARCH 31, 2005

TAXES ASSESSED

County			
Operating	\$	202,367	
Kalkaska Public Transit		7,940	
Kalkaska Memorial Hospital		55,193	
Kalkaska Sports Plex		23,740	
Fife Lake Sewer Authority		208	
Township			
Operating		26,984	
Streets		62,236	
Fire		31,107	
Ambulance		32,098	
Schools			
Forest Area Community Schools		242,271	
Intermediate School			
Traverse Bay Area		<u>90,912</u>	\$ 775,056

TAXES COLLECTED

County			
Operating	\$	168,556	
Kalkaska Public Transit		6,612	
Kalkaska Memorial Hospital		45,974	
Kalkaska Sports Plex		19,776	
Fife Lake Sewer Authority		208	
Township			
Operating		22,476	
Streets		51,958	
Fire		25,746	
Ambulance		26,765	
Schools			
Forest Area Community Schools		208,448	
Intermediate School			
Traverse Bay Area		<u>74,935</u>	<u>651,454</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2004 WINTER TAX ROLL  
MARCH 31, 2005

TAXES RETURNED DELINQUENT

County			
Operating	\$	33,811	
Kalkaska Public Transit		1,328	
Kalkaska Memorial Hospital		9,219	
Kalkaska Sports Plex		3,964	
Fife Lake Sewer Authority		0	
Township			
Operating		4,508	
Streets		10,278	
Fire		5,361	
Ambulance		5,333	
Schools			
Forest Area Community Schools		33,823	
Intermediate School			
Traverse Bay Area		<u>15,977</u>	<u>\$ 123,602</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2004 SUMMER TAX ROLL  
MARCH 31, 2005

TAXES ASSESSED

County			
State Education Tax	\$	195,431	
Schools			
Kalkaska Public Schools		3,975	
Intermediate School			
Traverse Bay Area		<u>5,627</u>	\$ 205,033

TAXES COLLECTED

County			
State Education Tax	\$	168,234	
Schools			
Kalkaska Public Schools		3,867	
Intermediate School			
Traverse Bay Area		<u>5,474</u>	<u>177,575</u>

TAXES RETURNED DELINQUENT

County		\$27,197	
State Education Tax			
Schools			
Kalkaska Public Schools		108	
Intermediate School			
Traverse Bay Area		<u>153</u>	<u>\$ 27,458</u>

134 WEST HARRIS STREET  
CADILLAC, MICHIGAN 49601  
231-775-9789  
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

June 29, 2005

## LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

During the course of our audit of the basic financial statements of Springfield Township for the year ended March 31, 2005, we noted the following:

### Reportable Condition in Internal Controls

In planning and performing our audit of the basic financial statements of Springfield Township for the year ended March 31, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements.

Certain matters considered to be reportable conditions in internal controls were noted. We are issuing a separate letter (letter of reportable conditions) which addresses those items noted.

### GASB 34

These financial statements are reported under the new GASB 34 accounting standard and are much different than in the past.

Some of the more significant changes required by GASB 34 are as follows:

1. Management's discussion and analysis is a new section in the financial report. This includes the administration's narrative overview of the information contained in the financial statements.
2. Several new types of financial statements are now included that report financial information on a Township-wide basis and incorporate capital assets, a provision for depreciation on those assets as well as long-term liabilities of the Township.

We recommend the Township carefully review these statements under the new accounting standard. We are available to explain the various changes in detail if so desired.

#### General Recordkeeping

The accounting records for the year ended March 31, 2005, were found to be in good order and in compliance with the State's uniform accounting system. We commend the Clerk and Treasurer for a job well done and encourage them to keep up the fine effort.

We would like to thank the board for its continued confidence in our firm and to thank the township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*



134 WEST HARRIS STREET  
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231-775-9789  
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MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

June 29, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

In planning and performing our audit of the basic financial statements of Springfield Township, Kalkaska County, Fife Lake, Michigan for the year ended March 31, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the State make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. The Township has implemented all reasonable internal controls and when consideration is made of the cost of implementing additional controls versus the benefit to be derived by additional controls, the costs far outweigh the benefits.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*